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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 13-85

March 27, 1985

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

Despite an unused GSM-102 credit line of \$70 million for about 475,000 tons of wheat, TURKEY is filling its import needs from non-U.S. sources. One February wheat tender by the Turkish Soil Products Office (TMO) was rescheduled due to U.S. offers being \$35 per ton higher than other origins. At a second tender last month, the TMO purchased 330,000 tons of Argentine and European Community (EC) wheat, which brings their total wheat imports in the current marketing year (June-May) to over 1 million tons. U.S. wheat shipments to Turkey so far have been nearly 600,000 tons in 1984-85 (July/June).

Recent large USSR grain purchases have resulted in an increase in projected 1984/85 (July-June) SOVIET grain imports to an all-time high of 52 million tons, significantly above the old record set in 1981/82. Wheat imports, projected at 26 million tons, would be one-fourth above last year's record, while coarse grain imports are expected to be close to the record 25.5 million tons set in 1981/82. The United States has benefited from the USSR's large import needs as sales for 1984/85 shipment, at nearly 21 million tons, are significantly above any other year.

Despite earlier expectations of minimal rice imports in calendar year 1985, SRI LANKA has made an additional purchase of 100,000 tons of rice from CHINA, on top of earlier purchases of 50,000 tons of Chinese rice and 10,000 tons from the private trade, bringing total purchases to 160,000 tons. Although domestic production was expected to meet Sri Lanka's consumption needs, it is feared that civil disturbances in the northern part of the country could disrupt government rice procurement. Sri Lanka imported only an estimated 40,000 tons in 1984.

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SOUTH AFRICA's 1985 corn crop (harvested May-July 1985) is estimated at 6.725 million tons, 51 percent above the drought-devastated crop harvested last year, according to the U.S. agricultural counselor in Pretoria. Sorghum production in 1985 is estimated at 565,000 tons, 11 percent above last year. These numbers are based on the first official crop estimates recently released by the government of South Africa. Average corn yield in 1985 is estimated at 1.73 tons per hectare, an increase of 54 percent from 1.12 tons in 1984. This year's crop benefited from widespread rains during late-January through mid-March, when much of the corn was in the moisture-sensitive reproductive and early filling stages. Last year's crop was affected by abnormally dry hot weather during this same period.

OILSEEDS AND PRODUCTS

Representatives of the MALAYSIAN government and the Palm Oil Research Institute of Malaysia (PORIM) are continuing to promote the use and sales of palm oil. Malaysian officials recently held meetings with several vegetable oil importing countries regarding palm oil trade. YUGOSLAVIA, which imports only a small amount of palm oil, has agreed to purchase about 50,000 tons from Malaysia annually, and has offered Yugoslavian ports as distribution points for other European importers. Malaysia has made significant marketing progress in the USSR, but little progress to date in the rest of Eastern Europe.

The Jeddah-based Islamic Development Bank (IDB) is providing PAKISTAN with \$45 million for the purchase of palm oil from MALAYSIA. Pakistan is the number one importer of U.S. soybean oil. Estimates for palm and soybean oil imports by Pakistan in 1984/85 are 360,000 and 300,000 tons, respectively. Recently, Malaysia has been encouraging Pakistan to import palm oil directly instead of importing it from Singapore because of price advantages.

FISHMEAL EXPORTERS ORGANIZATION (FEO) countries' cumulative output, exports and stocks of fishmeal all registered gains in 1984. The increase in fishmeal output exceeds the increase in exports, resulting in a buildup in stocks that has depressed prices. The data below show fishmeal production, exports and stocks in calendar 1984 up 39, 24 and 80 percent, respectively. Data are as follows in 1,000 tons:

| Country | -----Jan-Dec 1983----- | | | -----Jan-Dec 1984----- | | |
|---------|------------------------|---------|---------------|------------------------|---------|---------------|
| | Production | Exports | Ending Stocks | Production | Exports | Ending Stocks |
| Chile | 601 | 618 | 119 | 758 | 572 | 352 |
| Iceland | 67 | 46 | 20 | 165 | 149 | 23 |
| Norway | 341 | 267 | 66 | 281 | 240 | 72 |
| Peru | 175 | 163 | 67 | 446 | 396 | 43 |
| Total | 1,184 | 1,094 | 272 | 1,650 | 1,357 | 490 |

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In February, European fishmeal prices, at \$292 per ton, were 37 percent below the same month last year. The fishmeal/soybean meal price ratio at 1.79 in February was 7 percent below the 1.92 level of a year ago. This reduced ratio reflects sufficient fishmeal supplies to cover current demand.

DAIRY, LIVESTOCK AND POULTRY

State and collective farms in the SOVIET UNION report January-February 1985 meat production was 7 percent above the same period in 1984, according to the U.S. agricultural attache in Moscow. For the individual meats, beef and pork output were each up 7 percent, and poultry meat was up 8 percent. January-February 1985 egg production was reported to be 1 percent higher, while milk output declined by 1 percent.

March 1, 1985, cattle numbers on state and collective farms were reported at 95.2 million head, 1 percent above March 1, 1984, although cow numbers were down slightly. Hog inventories were reported at 58.5 million, 1 percent below a year ago. Although this decrease was small, it contrasts with a 4-percent increase in hog numbers on March 1, 1984. Sheep and goat numbers, reported at 125.6 million head, were 3.2 million head below a year ago. Poultry numbers on March 1 were reported at 734 million birds, a 1.8-percent increase.

The declines in milk production and hog numbers indicate the cold winter and more limited feed supplies are causing some difficulties, but it presently appears unlikely that these two problems will have a large impact on annual production.

Milk production in DENMARK totaled 5.2 million tons in 1984, 3.5 percent below the 1983 level, according to the U.S. agricultural counselor in Copenhagen. Farmers reduced milk output to avoid penalties under the European Community system of delivery quotas. The impact of lower milk production on farm revenue though was largely offset by higher farm gate milk prices.

The decline in milk production combined with shifts in relative demand had a sharp impact on the mix of dairy product output. Stronger demand led to increased output of full fat milk powder, up 27 percent to 100,000 tons, and cheese, up 18 percent to 293,000 tons. With less milk available, butter production dropped 20 percent to 105,000 tons, making a decrease in intervention stocks possible. In response to government efforts to cut stocks, output of nonfat dry milk dropped to 16,000 tons in 1984, roughly one-fourth of the 1983 level.

AUSTRIA's trade minister announced March 13 that Austria plans to withdraw from the International Dairy Arrangement (IDA). At a meeting of the IDA on February 22, Austria was greatly concerned that existing minimum prices established under the Arrangement no longer reflected the current market situation. Dairy products were being sold on international markets considerably below the IDA established minimums.

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Apparently the Austrians were not satisfied that the IDA could resolve the price problem satisfactorily and decided to withdraw. Shortly thereafter, trade sources disclosed that Austria had sold 2,000 tons of butter to Syria at \$945 per ton f.o.b. The IDA minimum is \$1,200 per ton f.o.b.

In the EUROPEAN COMMUNITY (EC), new regulations have been implemented so that 25,000 tons of beef can be sold from intervention stocks. As a result of the last authorization to sell beef out of intervention, about 1,500 tons were exported to the Far East. This sale will have little impact on U.S. beef exports.

This marks the second time in two months that beef will be made available for export out of intervention stocks. In view of the growing mountain of beef in intervention, this is unlikely to be the last. EC beef intervention stocks as of the end of January 1985 were 605,486 tons. The quantities available for sale this time are 40 tons of bone-in Danish beef, 21,000 tons of bone-in Italian beef, 435 tons of bone-in UK beef and 150 tons and 2,500 tons of Irish and Danish beef.

The minimum prices (well below domestic ones) for this beef are as follows per ton:

| -----Bone-in Beef----- | | -----Boneless Beef----- | |
|------------------------|-------------|-------------------------|-------------|
| Country | Per ton | Country | Per ton |
| Denmark | \$1449 | Denmark | \$1572-1844 |
| Italy | \$1153 | Ireland | |
| UK | \$1449-1515 | insides, | |
| N.Ire. | \$1449 | outsides, | |
| | | rumps | \$1572-1844 |
| | | strip loins | \$2964 |
| | | filets | \$5467 |

COTTON AND FIBERS

According to the U.S. agricultural officer in Sao Paulo, the 1984/85 BRAZILIAN cotton crop is estimated at 3,812,000 bales, up 48 percent from last year's crop of 2,577,000 bales. Attractive cotton prices in the south prompted farmers to increase plantings, while favorable weather during the growing and harvesting seasons in the northeast increased output. The northeast crop, which was harvested in December 1984, is reported to be of good quality. In the south, harvesting began in February and should be completed by the end of April. Thus far, rains during the past 10-15 days have not had an adverse impact on quality.

ARGENTINA recently eliminated a 6-percent export tax on cotton fiber. The measure was implemented in an effort to increase cotton export sales in response to depressed producer price levels.

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BRAZIL has announced that up to 50,000 tons (230,000 bales) of cotton will be licensed for export under a special subsidy program, similar to the one set up in 1982. Under the program, cotton exporters present specific tenders to the Production Financing Commission (CFP), which determines whether these tenders represent market prices. The CFP then indicates the amount of the subsidy they are willing to offer and exporters have the option of accepting or rejecting that offer.

Although a state tax exemption of 13 percent has already been allowed on exports of up to 130,000 tons (600,000 bales), the tax exemption is not sufficient to cover the difference between domestic and international prices. Domestic prices are currently 20 to 28 percent above the world market.

TOBACCO

Effective March 21, the UNITED KINGDOM has raised the specific tax rate on cigarettes from 24.9 pounds sterling per 1,000 to 26.95 pounds. The specific tax rate on hand rolling cigarette tobacco was raised from 40.60 pounds to 43.73 pounds per kilogram. The tax rate on cigar tobacco was not changed. The retail price of a pack of cigarettes increased from 1.30 pounds to 1.35 because of the new tax increase.

In HONG KONG, the British Medical Council (BMC) called for a total ban on television and radio advertising for cigarettes. He also suggested that the present health warning requirement for "smoking is hazardous to health" should be expanded to include an audio warning to attract greater public attention.

The PHILIPPINE government increased the floor prices for burley tobacco, effective March 1. The increase was based on the recommendation of the Philippine Virginia Tobacco Administration in response to appeals by burley tobacco farmers, traders and cigarette manufacturers because of rising production costs. The new prices are as follows:

| Grade | Burley Tobacco Floor Prices (Pesos Per Kilogram) | | | | | |
|-------|---|-------|--------------------|-------|-----------------|------|
| | ---Air-Cured--- | | --Semi air-cured-- | | ---Sun-Cured--- | |
| | 1984 | 1985 | 1984 | 1985 | 1984 | 1985 |
| A | 14.00 | 17.00 | 10.50 | 12.50 | - | - |
| B | 13.00 | 15.50 | 9.50 | 11.50 | - | - |
| C | 11.50 | 14.00 | 8.00 | 9.50 | - | - |
| D | 10.50 | 12.50 | 6.50 | 8.00 | - | - |
| E | 9.50 | 11.50 | 6.00 | 7.25 | - | - |
| F | - | - | - | - | 3.00 | 3.00 |

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FRUITS

MEXICO's strawberry production for the 1984/85 season is estimated at 58,900 tons, 36 percent below the bumper harvest a year ago, and the smallest crop officially recorded during the past two decades. The extremely large 1983/84 crop was the result of an 11-percent increase in harvested area, one-third of which was planted to the high-yielding Tioga variety. This simultaneous increase in both area and yields led to complete market saturation and severe financial losses for both producers and processors.

To prevent this situation from reoccurring during marketing year 1984/85, the Mexican government, producers and packers jointly agreed to reduce planted area to 3,100 hectares. Adverse weather conditions during November and December 1984 complemented their effort by reducing yields in the main growing state of Michoacan. Despite the lower yields, crop quality appears good. Production policy for the industry is now being restructured. Primary emphasis will be on supplying the domestic market with fresh fruit rather than producing large quantities of fresh strawberries for export.

Mexico: Strawberry Area, Yield and Production

| | Area (Hectares) | Yield (Tons/HA) | Production (Tons) |
|------------|--------------------|--------------------|----------------------|
| 1980/81 | 4,400 | 17.5 | 77,000 |
| 1981/82 | 3,900 | 16.3 | 63,700 |
| 1982/83 | 3,800 | 20.2 | 76,900 |
| 1983/84 | 4,200 | 22.0 | 92,500 |
| 1984/85 1/ | 3,100 | 19.0 | 58,900 |

1/ Preliminary.

Selected International Prices

| | | | | |
|------------------------------------|------------------|-----------------|-----------|-----------|
| Item | : March 26, 1985 | : Change from | : A year | |
| | : | : previous week | : ago | |
| ROTTERDAM PRICES 1/ | | | | |
| | \$ per MT | \$ per bu. | \$ per MT | \$ per MT |
| Wheat: | | | | |
| Canadian No. 1 CWRS-13.5%. | 180.00 | 4.90 | -3.00 | 198.50 |
| U.S. No. 2 DNS/NS: 14%.... | 165.00 | 4.40 | 0 | 183.00 |
| U.S. No. 2 S.R.W.9/ | 170.00 | 4.63 | +6.00 | 170.00 |
| U.S. No. 3 H.A.D..... | 177.00 | 4.82 | 0 | 193.00 |
| Canadian No. 1 A: Durum... | 184.50 | 5.02 | -2.50 | 206.50 |
| Feed grains: | | | | |
| U.S. No. 3 Yellow Corn.... | 134.50 | 3.42 | -.50 | 166.00 |
| Soybeans and meal: | | | | |
| U.S. No. 2 Yellow..... | 247.25 | 6.73 | +3.25 | 322.50 |
| Brazil 47/48% SoyaPellets 4/ | 155.00 | -- | 0 | 235.00 |
| U.S. 44% Soybean Meal.... | 154.00 | -- | +4.00 | 230.50 |
| U.S. FARM PRICES 3/ | | | | |
| Wheat..... | 124.92 | 3.40 | +1.47 | 128.59 |
| Barley..... | 80.84 | 1.76 | +2.30 | 104.72 |
| Corn..... | 106.30 | 2.70 | +.39 | 135.43 |
| Sorghum..... | 96.34 | 4.37 2/ | +1.32 | 113.98 |
| Broilers 4/..... | 1036.38 | -- | -58.64 | 1339.07 |
| EC IMPORT LEVIES | | | | |
| Wheat 5/..... | 52.45 | 1.43 | +9.05 | 75.15 |
| Barley..... | 54.30 | 1.18 | +7.95 | 70.75 |
| Corn..... | 48.10 | 1.22 | +6.25 | 49.70 |
| Sorghum..... | 62.60 | 1.59 | +8.05 | 76.00 |
| Broilers 4/ 6/ 8/..... | 152.00 | -- | +8.00 | 173.00 |
| EC INTERVENTION PRICES 7/ | | | | |
| Common wheat(feed quality) | 140.30 | 3.82 | +7.30 | 182.75 |
| Bread wheat (min. quality)7/ | 149.15 | 4.06 | +7.80 | 199.00 |
| Barley and all | | | | |
| other feed grains..... | 140.30 | -- | +7.30 | 182.75 |
| Broilers 4/ 6/..... | 975.00 | -- | +3.00 | 1226.00 |
| EC EXPORT RESTITUTIONS (subsidies) | | | | |
| Wheat | 19.45 | .53 | +3.35 | 37.15 |
| Barley..... | 31.40 | .68 | +3.15 | 36.70 |
| Broilers 4/ 6/ 8/..... | 90.00 | -- | +5.00 | 136.00 |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ May shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis April delivery.

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